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UPCOMING EVENTS

Banks

Seminar:

Minneapolis, MN

Dec 5, 2023

Webinar:

Bank Trends for Q3

Nov 15, 2023

Credit Unions

CU Seminar:

Dallas, TX

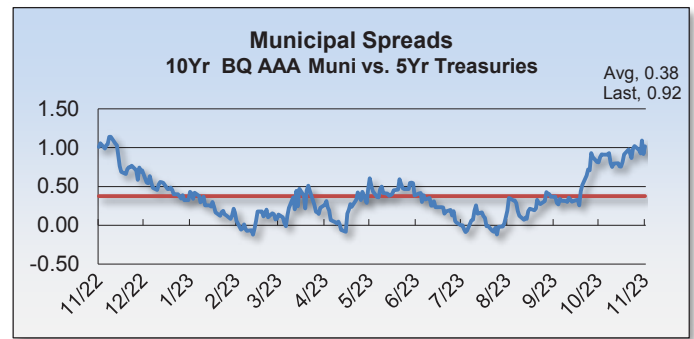
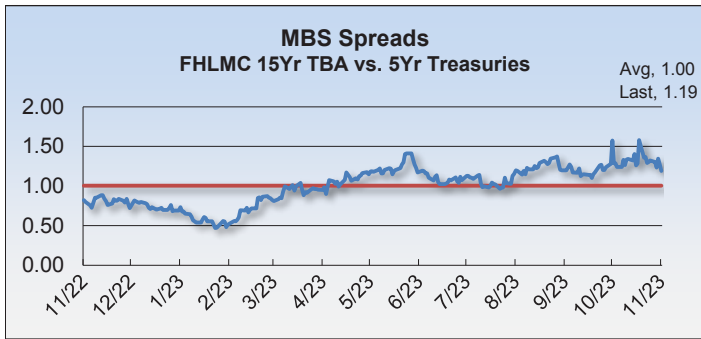
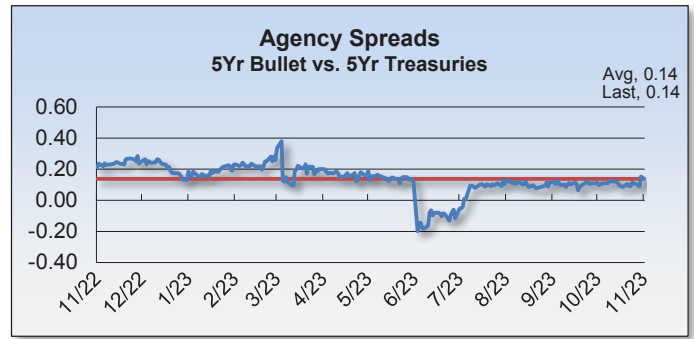
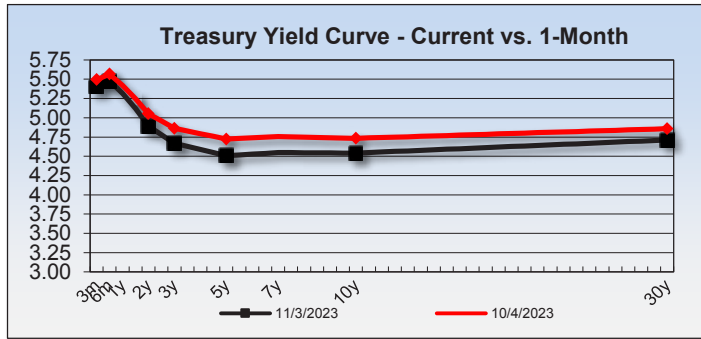
Nov 9, 2023

“Put a fork in it – they are done”, says Wells Fargo Co. Chief Economist, Jay Bryson, after this morning’s jobs numbers came in much lower than expected. Payrolls for the month of October increased by 150,000 compared to 180,000 estimated, this is a sharp decline from the revised gain of 297,000 the prior month. Health care led the way with 58,000 new jobs and manufacturing posted a decline, mostly attributed to the auto worker strikes. The unemployment rate rose to 3.9% (est. 3.8%), the highest level since January 2022, amid a sharp decline in household employment. This will be welcome news for Fed officials that elected to maintain the Fed Funds Rate at 15yr highs earlier this week and are “proceeding carefully” with regards to future rate hikes. Yields on the 10yr Treasury are down -13bps this morning, based on market sentiment that the jobs report could be enough to give Fed officials the data they need to end their hiking campaign against inflation. While this is good news, bond investors should remain diligent as the Fed has maintained they are going to be data-dependent throughout this hiking process and any evidence of an increase in inflation could be enough for the Fed to continue its hawkish policy. Still yet, slower payroll growth is a good step in the right direction for the Fed and lends credence to David Rosenberg’s presentation at our OKC Seminar in October about the state of the consumer ([Linked Here](#)). It’s an excellent presentation and well worth the listen if you haven’t already heard it.

Outside of the Fed’s decision to maintain current rates, we also got a look at the ADP Employment Change report. This report reflected an increase in private payrolls of 113k vs 150k expected. Tuesday’s Conference Board Consumer Confidence Report showed deteriorating consumer confidence levels for the month of October. This monthly report details consumer attitudes, buying intentions, vacation plans, and consumer expectations for inflation, stock prices, and interest rates.

Next week’s economic calendar will be light and should give markets time to adjust. Initial Jobless Claims and Continuing Claims will be closely watched next week as traders look to validate October’s unemployment numbers. We’ll also get a look at the US Census Bureau’s Trade Balance Report and the University of Michigan’s Consumer Sentiment preliminary report.

CME FEDWATCH TOOL - MEETING PROBABILITIES										
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
12/13/2023			0.0%	0.0%	0.0%	0.0%	0.0%	95.4%	4.6%	0.0%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	89.4%	10.3%	0.3%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.9%	66.5%	7.4%	0.2%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	13.8%	47.5%	35.0%	3.6%	0.1%
6/12/2024	0.0%	0.0%	0.0%	0.0%	9.3%	36.6%	39.1%	13.8%	1.2%	0.0%
7/31/2024	0.0%	0.0%	0.0%	6.5%	28.5%	38.3%	21.3%	5.0%	0.4%	0.0%
9/18/2024	0.0%	0.0%	4.6%	21.9%	35.4%	26.4%	9.9%	1.8%	0.1%	0.0%
11/7/2024	0.0%	2.5%	14.0%	29.2%	30.5%	17.4%	5.4%	0.9%	0.1%	0.0%
12/18/2024	1.7%	10.3%	24.3%	30.1%	21.6%	9.3%	2.4%	0.3%	0.0%	0.0%



Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	5.40	(0.05)	5.50	5.21	4.13	2yr	5.00	4.86	4.94	5.26	5.18	2Yr	5.89	5.89	5.89	-
6mo	5.48	(0.05)	5.58	4.97	4.59	3yr	4.75	4.57	4.80	5.11	5.12	3Yr	5.73	5.74	5.70	5.73
1yr	5.32	(0.09)	5.49	4.66	4.77	5yr	4.61	4.36	4.72	5.02	4.99	5Yr	5.75	5.75	5.74	5.68
2yr	4.89	(0.11)	5.15	3.81	4.72	7yr	4.82	4.31	4.76	5.07	5.16	7Yr	5.82	5.84	5.83	5.76
3yr	4.67	(0.17)	4.95	3.50	4.60	10yr	4.82	4.31	4.82	5.13	5.23	10Yr	5.86	5.91	5.91	5.84
5yr	4.51	(0.26)	4.80	3.30	4.37	15yr	4.82	4.35	5.53	5.89	5.43	December TBA MBS				
7yr	4.55	(0.29)	4.83	3.32	4.27	20yr	4.82	4.32	5.87	6.24	5.85	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.54	(0.30)	4.80	3.34	4.15	25yr	4.82	4.22	6.05	6.44	5.91	3.50	5.41	5.5y	5.70	
30yr	4.71	(0.30)	4.92	3.68	4.18	30yr	4.12	4.12	6.23	6.63	5.96	4.00	5.19	5.9y	5.74 10.4y	
												4.50	5.24	5.7y	5.74 10.4y	
												5.00	5.37	5.6y	5.82 9.9y	
												5.50			5.95 9.2y	
												6.00			6.10 8.3y	

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	5.50	--	5.50	5.25	4.00
Primary Discount	5.50	--	5.50	5.00	3.25
2ndary Discount	6.00	--	6.00	5.50	3.75
Prime Rate	8.50	--	8.50	8.00	7.00
Sec. O.N. Finance	5.33	0.02	5.32	4.81	--
1 Month LIBOR	5.44	(0.00)	5.43	5.06	3.84
3 Month LIBOR	5.65	0.00	5.66	5.30	4.46
6 Month LIBOR	5.88	(0.00)	5.90	5.41	4.92
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	5.68	(0.08)	5.76	5.33	4.90
1 Year CMT	5.38	(0.01)	5.49	4.74	4.76
REPO O/N	5.33	--	5.33	4.84	3.83
REPO 1Wk	5.38	0.01	5.38	5.11	3.90
CoF Federal	3.743	--	3.698	3.239	2.022
11th D. CoF (Dec)	0.223	--	0.218	0.282	0.460

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	5.58	5.62	5.62
6mo	5.59	5.64	5.62
1yr	5.39	5.50	5.57
2yr	4.98	5.16	5.21
3yr	4.76	4.99	5.02
4yr	4.69	4.94	4.94
5yr	4.62	4.89	4.87
7yr	4.86	5.15	5.12
10yr	5.04	5.34	5.29
5yr Am	4.15		5.02
10yr Am	4.21		5.16

Fed Fund Futures	
Maturity	Rate
Nov-23	5.328
Dec-23	5.340
Jan-24	5.350
Feb-24	5.370
Mar-24	5.340
Apr-24	5.305
May-24	5.180
Jun-24	5.080
Jul-24	5.020
Aug-24	4.845
Sep-24	4.780

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/31	Employment Cost Index	3Q	1.0%	1.1%	1.0%	--
10/31	FHFA House Price Index MoM	Aug	0.5%	0.6%	0.8%	--
10/31	S&P CoreLogic CS 20-City YoY NSA	Aug	1.75%	2.16%	0.13%	0.15%
10/31	S&P CoreLogic CS US HPI YoY NSA	Aug	1.78%	2.57%	0.98%	--
10/31	MNI Chicago PMI	Oct	45.0	44.0	44.1	--
10/31	Conf. Board Consumer Confidence	Oct	100.5	102.6	103.0	104.3
10/31	Conf. Board Present Situation	Oct	--	143.1	147.1	146.2
10/31	Conf. Board Expectations	Oct	--	75.6	73.7	76.4
11/1	MBA Mortgage Applications	10/27	--	-2.1%	-1.0%	--
11/1	ADP Employment Change	Oct	150k	113k	89k	--
11/1	S&P Global US Manufacturing PMI	Oct F	50	50	50	--
11/1	JOLTS Job Openings	Sep	9400k	9553k	9610k	9497k
11/1	ISM Manufacturing	Oct	49.0	46.7	49.0	--
11/1	ISM Prices Paid	Oct	45.0	45.1	43.8	--
11/1	ISM Employment	Oct	50.6	46.8	51.2	--
11/1	ISM New Orders	Oct	49.8	45.5	49.2	--
11/1	FOMC Rate Decision (Upper Bound)	11/1	5.50%	5.50%	5.50%	--
11/1	FOMC Rate Decision (Lower Bound)	11/1	5.25%	5.25%	5.25%	--
11/1	Interest on Reserve Balances Rate	11/2	5.40%	5.40%	5.40%	--
11/2	Challenger Job Cuts YoY	Oct	--	8.8%	58.2%	--
11/2	Nonfarm Productivity	3Q P	4.3%	4.7%	3.5%	3.6%
11/2	Unit Labor Costs	3Q P	0.3%	-0.8%	2.2%	3.2%
11/2	Initial Jobless Claims	10/28	210k	217k	210k	212k
11/2	Continuing Claims	10/21	1800k	1818k	1790k	1783k
11/2	Factory Orders Ex Trans	Sep	0.8%	0.8%	1.4%	1.5%
11/2	Durables Ex Transportation	Sep F	0.5%	0.4%	0.5%	--
11/2	Cap Goods Orders Nondef Ex Air	Sep F	0.6%	0.5%	0.6%	--
11/2	Cap Goods Ship Nondef Ex Air	Sep F	--	-0.1%	0.0%	--
11/3	Two-Month Payroll Net Revision	Oct	--	-101k	--	--
11/3	Change in Nonfarm Payrolls	Oct	180k	150k	336k	297k
11/3	Change in Private Payrolls	Oct	145k	99k	263k	246k
11/3	Change in Manufact. Payrolls	Oct	-10k	-35k	17k	14k
11/3	Unemployment Rate	Oct	3.8%	3.9%	3.8%	--
11/3	Average Hourly Earnings MoM	Oct	0.3%	0.2%	0.2%	0.3%
11/3	Average Hourly Earnings YoY	Oct	4.0%	4.1%	4.2%	4.3%
11/3	Average Weekly Hours All Employees	Oct	34.4	34.3	34.4	--
11/3	Labor Force Participation Rate	Oct	62.8%	62.7%	62.8%	--
11/3	Underemployment Rate	Oct	--	7.2%	7.0%	--
11/3	S&P Global US Services PMI	Oct F	50.9	50.6	50.9	--
11/3	S&P Global US Composite PMI	Oct F	--	50.7	51.0	--
11/3	ISM Services Index	Oct	53.0	51.8	53.6	--
11/3	ISM Services Prices Paid	Oct	56.6	58.6	58.9	--
11/3	ISM Services Employment	Oct	53.5	50.2	53.4	--
11/3	ISM Services New Orders	Oct	51.5	55.5	51.8	--
11/10	U. of Mich. Sentiment	Nov P	64.0	--	63.8	--
11/10	U. of Mich. Current Conditions	Nov P	--	--	70.6	--
11/10	U. of Mich. 1 Yr Inflation	Nov P	--	--	4.2%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	13.2	11.9	15.7	16.0	20.1	22.3
FH/FN 15y	8.6	12.5	17.3	26.9	40.2	41.8
GN 15y	17.0	20.1	21.8	34.1	50.8	63.6
FH/FN 20y	7.6	8.0	8.8	11.8	14.5	14.9
FH/FN 30y	6.0	6.5	6.3	10.3	7.9	8.5
GN 30y	6.7	8.7	6.7	6.7	7.6	7.2
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.4	12.0	10.2	10.4	10.6	11.7
FH/FN 15y	6.5	10.0	13.4	13.3	14.3	20.3
GN 15y	10.8	11.1	11.9	11.5	14.4	15.4
FH/FN 20y	6.2	6.7	7.4	8.6	10.0	11.8
FH/FN 30y	5.5	6.0	6.1	7.1	8.4	9.1
GN 30y	6.5	7.4	7.5	8.3	9.4	11.3

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	149.44	(0.22)	149.88	135.54	148.29
Euro	1.07	0.01	1.05	1.10	0.97
Dollar Index	105.22	(1.34)	107.00	101.34	112.93
Major Stock Indices					
Dow Jones	34,046	1,628	33,002	33,414	32,001
S&P 500	4,355.3	238.0	4,229.5	4,090.8	3,719.9
NASDAQ	13,435.5	793	13,059.5	12,025.3	10,342.9
Commodities					
Gold	2,004.1	15.5	1,824.6	2,037.0	1,630.9
Crude Oil	82.28	(3.26)	89.23	68.60	88.17
Natural Gas	3.49	0.33	2.95	2.17	5.98
Wheat	566.8	-8.8	568.5	626.3	840.5
Corn	473.5	-7.3	487.5	645.3	679.3

Notes	
1 Call Agy = Maturity at left w/ a 1-Year Call at Par	
2 Muni TEY (21% Fed, 0.75% CoF)	
3 S-Corp TEY Muni (29.6%, no TEFERA)	
4 MBS Prepayments are provided by Bloomberg	

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